



Senate

General Assembly

January Session, 2005

File No. 427

Senate Bill No. 1351

Senate, April 19, 2005

The Committee on Finance, Revenue and Bonding reported through SEN. DAILY of the 33rd Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

AN ACT CONCERNING RETALIATORY LAWS AGAINST CONNECTICUT DOMICILED INSURERS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 12-211 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2005*):

3 (a) When by the laws of any other state or foreign country any
4 premium or income or other taxes or any fees, fines, penalties, licenses,
5 deposit requirements or other obligations, prohibitions or restrictions
6 are imposed upon Connecticut insurance companies doing business in
7 such other state or foreign country, or upon the authorized agents
8 thereof, which are in excess of such taxes, fees, fines, penalties,
9 licenses, deposit requirements or other obligations, prohibitions or
10 restrictions directly imposed upon insurance companies, or upon the
11 authorized agents thereof, of such other state or foreign country doing
12 business in Connecticut, so long as such laws continue in force the
13 same obligations, prohibitions and restrictions of whatever kind,

14 computed by the Commissioner of Revenue Services on an aggregate
15 state-wide or foreign-country-wide basis, shall be imposed upon
16 insurance companies and authorized agents thereof of such other state
17 or foreign country doing business in Connecticut.

18 (b) Any tax obligation imposed by any city, county or other political
19 subdivision of a state or foreign country on Connecticut insurance
20 companies shall be deemed to be imposed by such state or foreign
21 country within the meaning of this section. For the purposes of this
22 section, the domicile of a foreign insurer shall be that state designated
23 by the insurer in writing filed with said commissioner at the time of
24 admission to this state or within six months after July 1, 1973,
25 whichever date is later, and may be any one of the following states: (1)
26 That in which the insurer was first authorized to engage in the
27 insurance business; (2) that in which the principal place of business of
28 such insurer in the United States is located; (3) that in which the largest
29 deposit of trusted assets of the insurer for the protection of its
30 policyholders and creditors in the United States is held. Any
31 designation so made hereunder shall be irrevocable and, if the insurer
32 makes no such designation at or within the time provided herein, its
33 domicile shall irrevocably be deemed to be that state in which the
34 insurer was first authorized to engage in the insurance business in the
35 United States. The domicile of an insurer formed under the laws of
36 Canada or a province thereof shall be deemed to be that province in
37 which its head office is situated.

38 (c) The provisions of this section shall not apply to ad valorem taxes
39 on real or personal property, personal income taxes, fees for agents'
40 licenses, special purpose assessments imposed in connection with
41 particular kinds of insurance including, but not limited to, workers'
42 compensation assessments and Insurance Guaranty Association Fund
43 assessments, or to premium taxes on special health care plans as
44 defined in section 38a-564, except in the case where another state or
45 foreign country imposes upon Connecticut domiciled insurers
46 retaliatory charges for such taxes, fees or assessments.

This act shall take effect as follows and shall amend the following sections:		
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Section 1	<i>October 1, 2005</i>	12-211
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FIN *Joint Favorable*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note**State Impact:**

Agency Affected	Fund-Effect	FY 06 \$	FY 07 \$
Department of Revenue Services	GF - Revenue Gain	Potential	Potential

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill will result in increased revenue to the insurance premiums tax to the degree that Connecticut imposes retaliatory taxes on foreign insurance companies that do business in this state but are domiciled in a state that imposes special fees and assessments on Connecticut domestic insurance companies doing business in that state.

Currently, it is not common for states to levy special assessments on foreign insurers. Therefore, any revenue gain in the short-term is expected be negligible.

OLR Bill Analysis

SB 1351

**AN ACT CONCERNING RETALIATORY LAWS AGAINST
CONNECTICUT DOMICILED INSURERS****SUMMARY:**

When another state or foreign country imposes taxes, fees, fines, deposit requirements, or other obligations, restrictions, or prohibitions against Connecticut insurance companies doing business there that exceed amounts Connecticut imposes on their insurance companies operating here, Connecticut law imposes an equivalent retaliatory charge or restriction on the other jurisdiction's companies doing business in Connecticut.

This bill invokes Connecticut's retaliatory law if another jurisdiction retaliates against Connecticut insurers because Connecticut imposes certain taxes, fees, or charges on that jurisdiction's insurers. Under current law, imposition of such taxes, fees, and charges does not trigger Connecticut retaliation.

The bill applies to real and personal property taxes based on property value; personal income taxes; premium taxes on special health care plans for previously uninsured small employers; agents' license fees; and special purpose assessments, including those for workers' compensation and the Insurance Guaranty Association Fund.

EFFECTIVE DATE: October 1, 2005

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable Report

Yea 43 Nay 0